

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, May 9, 1930 at 11:00 a.m.

PRESENT: Governor Young
Mr. Platt
Mr. Hamlin
Mr. Miller
Mr. James
Mr. Cunningham
Mr. McClelland, Asst. Secretary

The minutes of the meetings of the Federal Reserve Board held on April 24th and 30th were read and approved, as amended.

The minutes of the meetings of the Federal Reserve Board held on May 1st and 2nd were read and approved.

The minutes of the meeting of the Executive Committee of the Federal Reserve Board held on May 6th were read and, upon motion, the actions recorded therein were ratified.

Governor Young referred to the action of the Executive Committee on May 6th, taken subject to his approval, in authorizing the Board's Counsel to call a conference of Counsel of all Federal Reserve banks, and he stated that he is in favor of the holding of the conference and will instruct Counsel to proceed with the necessary arrangements.

The Governor presented a letter dated May 6th from Mr. Rolla Wells tendering his resignation as Class C Director of the Federal Reserve Bank of St. Louis and stating that he discussed the matter with Mr. James when the latter was in St. Louis a few days ago and understands that the resignation as Federal Reserve Agent and Chairman which he tendered in a letter dated January 17th was not accepted by the Board because of the fact that he did not at the same time tender his resignation as Class C Director of the bank.

After discussion, upon motion, Mr. Wells' resignation as Class C Director, Chairman and Federal Reserve

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Agent at the St. Louis bank was accepted, effective at the close of business May 6th.

Mr. James then submitted, on behalf of the Committee on District #8, a recommendation that Mr. John S. Wood, now Chief National Bank Examiner in the St. Louis District, be appointed Class C Director of the Federal Reserve Bank of St. Louis for the unexpired portion of Mr. Wells' term ending December 31, 1930, and be designated as Federal Reserve Agent and Chairman of the Board of Directors of the St. Louis bank for the remainder of the current year.

After discussion, upon motion, Mr. Wood was appointed Class C Director of the St. Louis bank for the unexpired term ending December 31, 1930, and was designated for the balance of the year 1930 as Federal Reserve Agent and Chairman of the Board of Directors of the bank, effective at his convenience, with salary at the rate of \$20,000 per annum.

On this motion, Mr. Miller voted "no".

The Assistant Secretary then reported that under authority granted at the meeting on May 1st, Mr. Miller on May 7th, as executive officer of the Board, approved a rediscount rate of $3 \frac{1}{2}\%$ established by the directors of the Federal Reserve Bank of Boston on all classes of paper of all maturities, effective May 8, 1930.

Formally approved.

Telegram dated May 7th from the Deputy Governor of the Federal Reserve Bank of New York, advising of a further reduction on that date in rates of bill dealers to $2 \frac{5}{8}\%$ bid - $2 \frac{1}{2}\%$ asked on maturities up to 120 days, and $2 \frac{7}{8}\%$ bid - $2 \frac{3}{4}\%$ asked on five and six months, with endorsed bills $1 \frac{1}{8}\%$ less; together with telegram dated May 8th from the Deputy Governor of the New York bank, advising that in view of market conditions the effective buying rates of that bank have been reduced to the following:

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1 to 60 days	-	2 1/2%
61 to 120 days	-	2 5/8%
121 to 180 days	-	3%
Repurchase	-	2 5/8%

Without objection, noted with approval.

Letter dated May 8th from the Secretary of the Federal Reserve Bank of New York, advising that except for the buying rates above reported, no changes were made in the bank's existing schedule of rates of discount and purchase at the meeting of the Board of directors held on May 8th, but that the directors voted to request the Board to reduce to 2% the rate established by it as the minimum buying rate for the purchase of bankers acceptances by the bank.

After discussion, it was voted to defer action upon the request for a reduction in the minimum buying rate until a later meeting attended by the full Board.

Telegram dated May 7th from the Chairman of the Federal Reserve Bank of Philadelphia, telegram dated May 8th from the Chairman of the Federal Reserve Bank of Richmond, telegram dated May 7th from the Assistant Federal Reserve Agent at St. Louis and telegram dated May 7th from the Chairman of the Federal Reserve Bank of Dallas, all advising that their boards of directors at meetings on the dates stated made no changes in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Telegram dated May 8th from the Chairman of the Federal Reserve Bank of Kansas City, advising that no quorum was present at the meeting of the board of directors on that date and no official action was taken.

Noted.

Telegram dated May 8th from the Deputy Governor of the Federal Reserve

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Bank of Boston, advising of the establishment of the following rates for purchases of bankers acceptances:

1 to 60 days	-	2 1/2%
61 to 120 days	-	2 5/8%
121 to 180 days	-	3%
Repurchase	-	2 5/8%

Without objection, noted with approval.

Telegram dated May 8th from the Chairman of the Federal Reserve Bank of Richmond, advising of the establishment of the following rates for purchases of bankers acceptances, effective May 9th:

1 to 60 days	-	2 5/8%
61 to 120 days	-	2 3/4%
121 to 180 days	-	3 1/8%

Without objection, noted with approval.

Telegrams dated May 8th from the Chairman of the Federal Reserve Bank of Chicago and the Governor of the Federal Reserve Bank of St. Louis, advising of the establishment of the following rates for purchases of bankers acceptances, effective May 8th:

1 to 60 days	-	2 1/2%
61 to 120 days	-	2 5/8%
121 to 180 days	-	3%

Without objection, noted with approval.

Telegrams dated May 8th from the Chairman of the Federal Reserve Bank of San Francisco, advising that the Board of Directors at the meeting on that

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date voted to establish a minimum buying rate of 2 1/2% for purchases of bankers acceptances, that no change was made in the discount rate but that the following effective buying rates were established:

1 to 60 days	-	2 1/2%
61 to 120 days	-	2 5/8%
121 to 180 days	-	3%
Repurchase	-	2 5/8%

Upon motion, it was voted to approve a minimum buying rate of 2 1/2% for the San Francisco bank, and there being no objection, the effective rates established were noted with approval.

Letter dated May 7th from the Chairman of the Federal Reserve Bank of Philadelphia, advising that at the meeting of the board of directors on that date the officers were authorized to purchase bankers acceptances at a minimum rate of 2 1/2%, which action is submitted to the Board.

Upon motion, it was voted to approve a minimum buying rate of 2 1/2% for the Philadelphia bank.

Matter approved on initials on May 7th, namely, application of the First National Bank of Pikeville, Tennessee, for permission to reduce its capital stock from \$60,000 to \$30,000, under an arrangement whereby the present directors of the bank will pay in \$30,000 in cash and take out that amount of undesirable paper; the old stockholders will surrender all of their stock to the new shareholders who will pay in \$40,000 in cash, following which \$80,000 of slow and doubtful assets will be removed from the bank and trusted for the benefit of the old shareholders, the reorganized bank to have a capital of \$30,000 and a surplus of \$10,000.

Formally approved.

Matter approved on initials yesterday, namely, letter to the Federal

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Reserve Agent at New York, advising that in view of the amendment of April 17, 1930 to Section 9 of the Federal Reserve Act, authorizing the Board, in its discretion, to permit a State member bank to withdraw from membership without waiting six months after filing its notice of intention to withdraw, the Board will waive the six months' requirement in the case of the President and Directors of the Manhattan Company of New York City, and, therefore, authorizes the Federal Reserve Agent, upon the surrender of Federal Reserve bank stock held by the institution named, to cancel the stock immediately and make appropriate refund thereon.

Upon motion, the letter to Mr. Case was formally approved.

In this connection, the Assistant Secretary presented memoranda dated April 29th and May 7th from Counsel, with regard to notices of intention to withdraw from the System which have been filed under unusual circumstances by the Pittard Banking Company of Winterville, Ga., the Iowa State Savings Bank of Cedar Rapids, Iowa and the American Southern Trust Company of Little Rock, Arkansas.

After discussion, upon motion, it was voted to request Counsel to prepare letters to the Federal Reserve Agents of the respective districts, along the lines of the letter addressed to Mr. Case, authorizing immediate cancellation of Federal Reserve bank stock held by the three institutions named.

He also presented a memorandum dated May 1st from the Member Bank Section of his office, regarding a withdrawal notice filed by the Roanoke Banking Company, Roanoke, Ala. because of the fact that the Federal Reserve Bank of Atlanta has declined to rediscount for it due to its un-

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satisfactory condition; the memorandum suggesting that the Board waive the six months' notice and permit the bank to withdraw immediately if there is no objection to such action on the part of the Federal Reserve Agent at Atlanta.

Upon motion, the suggestion was approved.

Reports of Committee on Salaries and Expenditures on lists submitted by the Federal Reserve Banks of New York, Philadelphia and Minneapolis of employees for whom the directors of those banks authorized leaves of absence with pay, on account of illness, during the month of April, where the total of such absences since January 1, 1930 has exceeded thirty days; the Board's Committee recommending approval of the salary payments involved.

Approved.

Report of Committee on Examinations on letter dated May 7th from the Federal Reserve Agent at Chicago, requesting permission to make a credit investigation of the Bank of Sturgeon Bay, Wisconsin, without cost to the member bank, at the time it is under examination by State authorities; the Board's Committee recommending approval.

Approved.

Letter dated May 8th from the Federal Reserve Agent at Philadelphia, requesting approval by the Board of the designation as special assistants to examiners of Mr. Charles Herman, an employee of the Fiscal Agency Department of the bank and Mr. J. J. Y. Connor of the Vault Department.

Approved.

Memorandum from Counsel dated May 5th, submitting, in accordance with action taken at the meeting of the Board on May 2nd, a revision of Section

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IV of the Board's Regulation K, relating to titles of Edge Act corporations, reading as follows:

"Inasmuch as the name of the Corporation is subject to the approval of the Federal Reserve Board, a preliminary application for that approval should be filed with the Federal Reserve Board on F.R.B. Form 150, which is made a part of this regulation. This application should state merely that the organization of a Corporation under the proposed name is contemplated and may request the approval of that name and its reservation for a period of 30 days.

"So far as possible the title of the Corporation should indicate the nature or reason of the business contemplated and should in no case resemble the name of any other corporation to the extent that it might result in misleading or deceiving the public as to its identity, purpose, connections or affiliations.

"The title of every such corporation shall include the word 'foreign' or the word 'international', and no such corporation will be permitted to have the word 'bank' as part of its title; Provided, however, that the provisions of this paragraph shall not be applicable to any corporation closely affiliated with one or more banks and which is organized or operated for the purpose of transacting the foreign banking business of such bank or banks."

A discussion ensued during which it was the consensus of opinion that the exception contained in the last paragraph of the proposed amended section should be made optional rather than mandatory and the matter was, therefore, referred back to Counsel for revision.

Memorandum from Counsel dated May 8th, submitting organization certificate and articles of association of "The Chase Bank", a corporation proposed to be organized under Section 25 (a) of the Federal Reserve Act, for which the Board recently approved title; Counsel stating that the organization certificate and articles of association are in proper form and that he knows of no legal reason why they should not be approved, and submitting draft of a preliminary permit granting to "The Chase Bank" authority to

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exercise such of the powers conferred by Section 25 (a) as may be incidental and preliminary to the organization of the corporation.

After discussion, upon motion, it was voted to dispense with the usual investigation of the organizers and proposed management of the corporation.

It was then voted to approve the organization certificate and articles of association as submitted, and to issue the preliminary permit prepared by Counsel.

Memorandum from Counsel dated May 6th, quoting Senate Res. 71, adopted by the Senate on May 5th, which provides for a survey of the National and Federal Reserve banking systems.

Ordered circulated.

Memorandum from Counsel dated May 6th, submitting draft of letter to the Federal Farm Board, transmitting copies of letters received from four of the Federal Reserve banks relative to the recent decision of the Comptroller General of the United States, the apparent effect of which is that Federal Reserve banks in handling matters for the Federal Farm Board as fiscal agents of the United States, should look to the borrowers rather than to the Federal Farm Board itself for reimbursement for any expenses incurred.

Upon motion, the letter submitted by Counsel was approved and ordered transmitted.

Memorandum from Counsel dated May 6th, submitting draft of reply to letter from the Assistant Attorney General of the United States forwarding a memorandum of authorities prepared by an attorney on behalf of the California Reserve Company and the General Reserve Company with reference to the use of the word "reserve" in the titles of the corporations; the proposed reply, as amended by the Law Committee, stating that in the light of the

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information furnished in the memorandum, the chances of the successful prosecution of a suit for an injunction restraining the use of the word "reserve" in the title of either of the corporations appear to be remote and that the Board prefers to leave to the Department of Justice the decision as to whether or not action should be taken or attempted.

Upon motion, the letter as amended was approved.

REPORTS OF STANDING COMMITTEES:

- Dated, May 6th, 8th, 9th, Recommending changes in stock at Federal Reserve banks as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.
- Dated, May 5th, 6th, Recommending action on applications for fiduciary powers as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.
- Dated, May 5th, Recommending approval of the application of Mr. Charles A. Carry for permission to serve at the same time as director of the National Capital Bank of Washington, D. C., and as director of the East Washington Savings Bank of Washington, D. C.
Approved.
- Dated, May 5th, Recommending approval of the application of Mr. Harry C. Fair for permission to serve at the same time as director of the First and Tri State National Bank & Trust Company of Fort Wayne, Ind., as director of the First National Bank in Bluffton, Ind., and as director of the Farmers & Wabash National Bank, Wabash, Ind.
Approved.
- Dated, May 5th, Recommending approval of the application of Mr. Walter H. Marlow, Jr., for permission to serve at the same time as director of the National Capital Bank of Washington, D. C., and as director of the East Washington Savings Bank of Washington, D. C.
Approved.
- Dated, May 5th, Recommending approval of the application of Mr. John S. Lovell for permission to serve at the same time as director of the Union Market National Bank of Watertown, Mass., and as director of the Watertown Co-operative Bank of Watertown, Mass.
Approved.
- Dated, May 5th, Recommending approval of the application of Mr. John W. Edmunds for permission to serve at the same time as director of the Wellesley National Bank of Wellesley, Mass., and as

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REPORTS OF STANDING COMMITTEES: (Cont'd)

director of the Union Market National Bank of Watertown, Mass.

Approved.

Dated, May 5th, Recommending approval of the application of Mr. H. V. Martin for permission to serve at the same time as director and officer of the West Palm Beach Atlantic National Bank of West Palm Beach, Fla., and as officer of the Atlantic National Bank of Jacksonville, Fla.

Approved.

Dated, May 5th, Recommending approval of the application of Mr. R. E. Niven for permission to serve at the same time as director and officer of the First National Bank of Daytona Beach, Fla. and as officer of the Atlantic National Bank of Jacksonville, Fla.

Approved.

Dated, May 5th, Recommending approval of the application of Mr. E. G. Hoffman for permission to serve at the same time as director of the First and Tri State National Bank & Trust Company of Fort Wayne, Ind. and as director of the Farmers & Wabash National Bank of Wabash, Ind.

Approved.

Dated, May 5th, Recommending approval of the application of Mr. James M. Baker for permission to serve at the same time as director and officer of the Palatka Atlantic National Bank of Palatka, Fla. and as officer of the Atlantic National Bank of Jacksonville, Fla.

Approved.

Dated, May 6th, Recommending approval of the application of Mr. Michael Hollander for permission to serve at the same time as director of the Sterling National Bank & Trust Company, New York, N. Y., and as director and officer of the New Jersey National Bank & Trust Company, Newark, N. J.

Approved.

Dated, May 6th, Recommending approval of the application of Mr. W. S. Weston for permission to serve at the same time as director of the First National Bank of Hartington, Neb. and as officer of the Omaha National Bank of Omaha, Neb.

Approved.

Dated, May 7th, Recommending approval of the application of Mr. Geo. C. Dreher for permission to serve at the same time as director and officer of the First Wisconsin National Bank of Milwaukee, Wis. and as director of the Bay View National Bank of Milwaukee, Wis.

Approved.

Dated, May 7th, Recommending approval of the application of Mr. Edgar L. Wood for permission to serve at the same time as director of the National Bank of Commerce of Milwaukee, Wis. and

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REPORTS OF STANDING COMMITTEES: (Cont'd)

as director of the Bay View National Bank of Milwaukee, Wis.
Approved.

Dated, May 7th, Recommending approval of the application of Mr. Benjamin A. Griffin for permission to serve at the same time as director of the Williston National Bank of Williston Park, N. Y., and as director of the Nassau County Trust Company of Mineola, N. Y.

Approved.

Dated, May 7th, Recommending approval of the application of Mr. Linton E. Allen for permission to serve at the same time as officer of the Sanford Atlantic National Bank of Sanford, Fla. and as officer of the Atlantic National Bank of Jacksonville, Fla.

Approved.

The meeting adjourned at 12:30 p.m.

C. W. McClelland

Assistant Secretary.

Approved:

R. Young

Governor.